

tools used in analysis

steps

basic stage

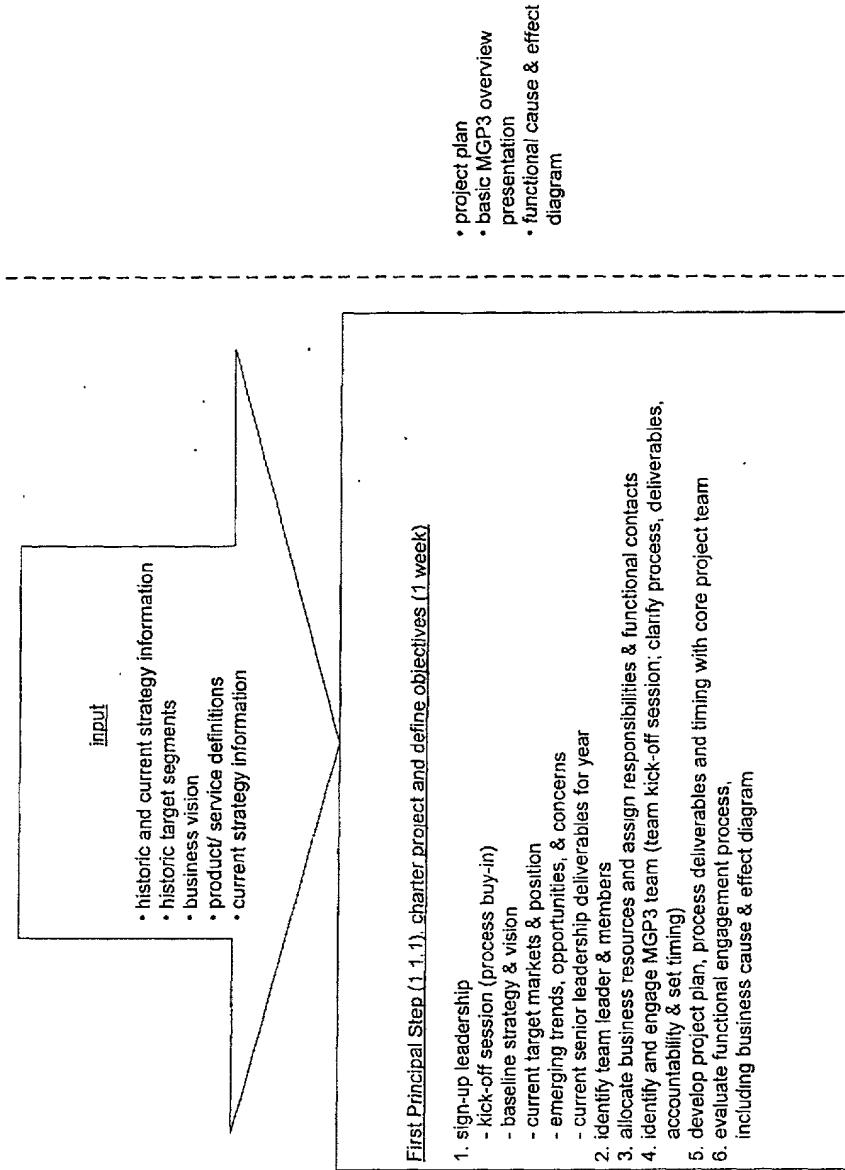


FIG. 1A

(to FIG. 1B)

basic stage

steps

(from FIG. 1A)



Second Principal Step (1.1.2): gather baseline information (2-4 weeks)

1. define target market segments
 - current strategy & position
2. develop list of products & services offered or planned (e.g. next 3-6 months)
 - basic definition of products and services
 - baseline portfolio
3. develop list of products not offered but offered by competitors
4. gather baseline financial data:
 - "as is" profit by product
 - "as is" profit by product by segment
5. develop "as is" SWOT, based on internal information
 - individual senior leader interviews
 - consolidate data, structure, & format
 - analyze & define opportunities

• SWOT

First Stage (1.1):
charter strategy
and develop data
collection plan

(to FIG. 1C)

FIG. 1B

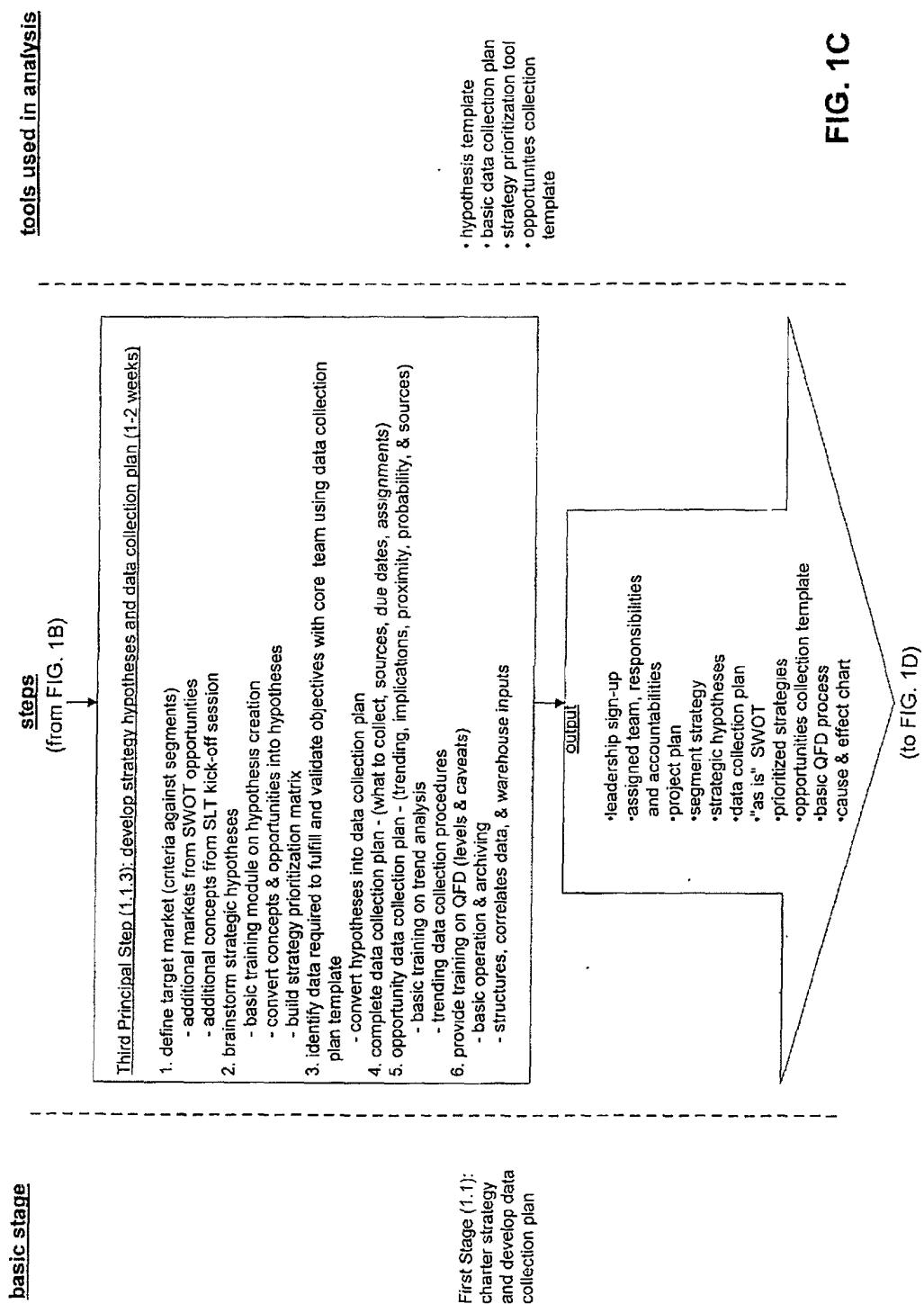
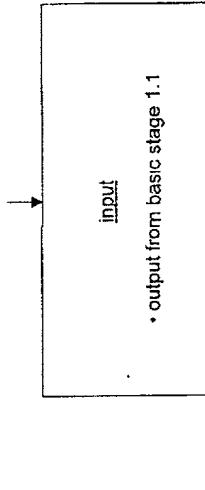


FIG. 1C

basic stage

steps

(from FIG. 1C)



tools used in analysis

Fourth Principal Step (1.2.1) collect secondary data (e.g., 8-16 weeks)

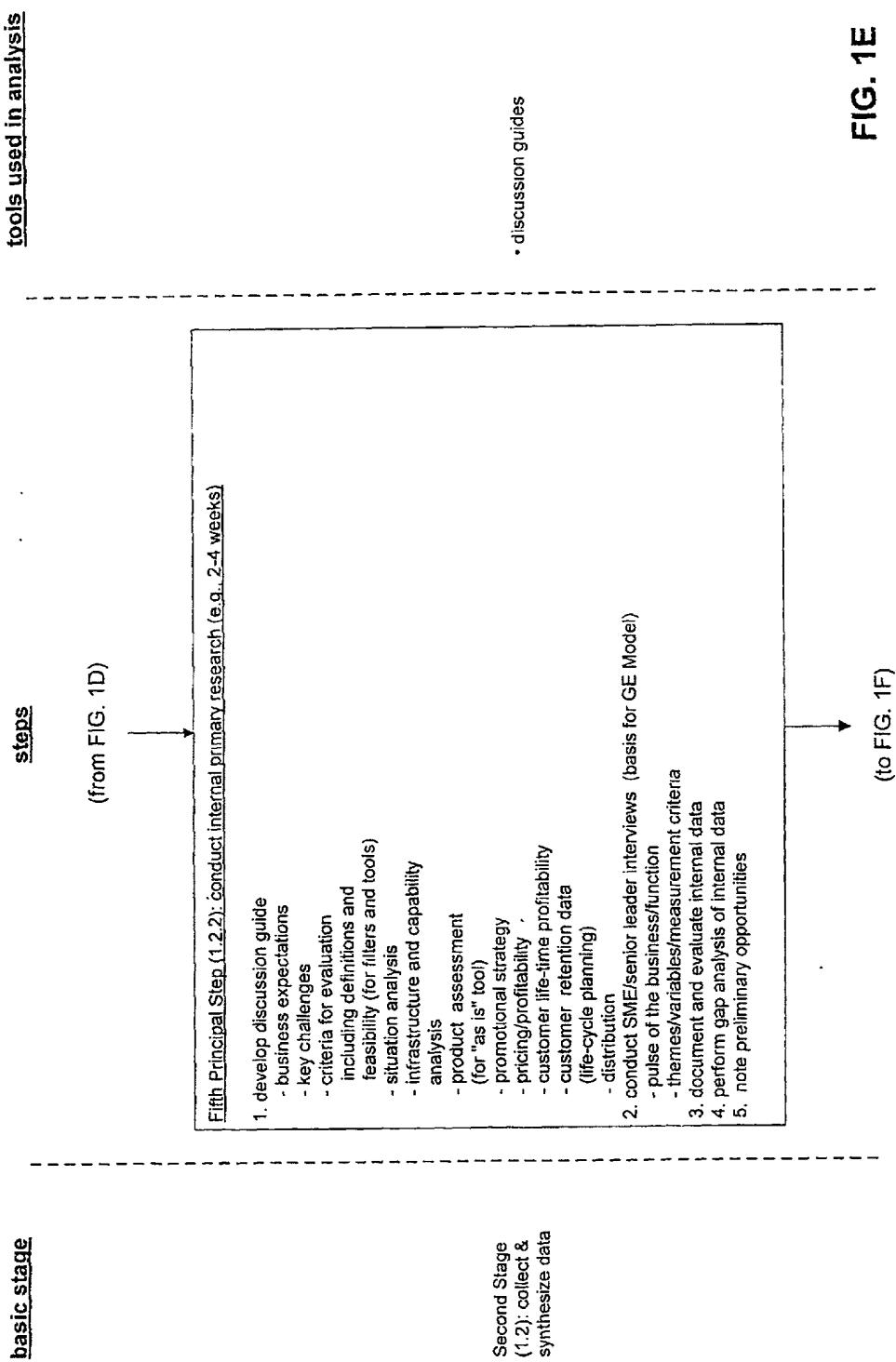
1. collect secondary data
 - basic data collection rules
 - market data
 - market needs/values (VOC)
 - intermediary needs/values (VOI)
 - market/demographic behavior and trends
 - distribution spectrum and preferences
 - competitive environment and trends
 - regulatory environment and trends
 - general environment and trends
2. document and evaluate secondary data
3. perform gap analysis of secondary data
4. note preliminary opportunities during data collection
 - trending opportunities data
5. store data in central repository
 - dedicated workroom
6. initiate structuring data into story boards
 - use previous MGP3 output structure

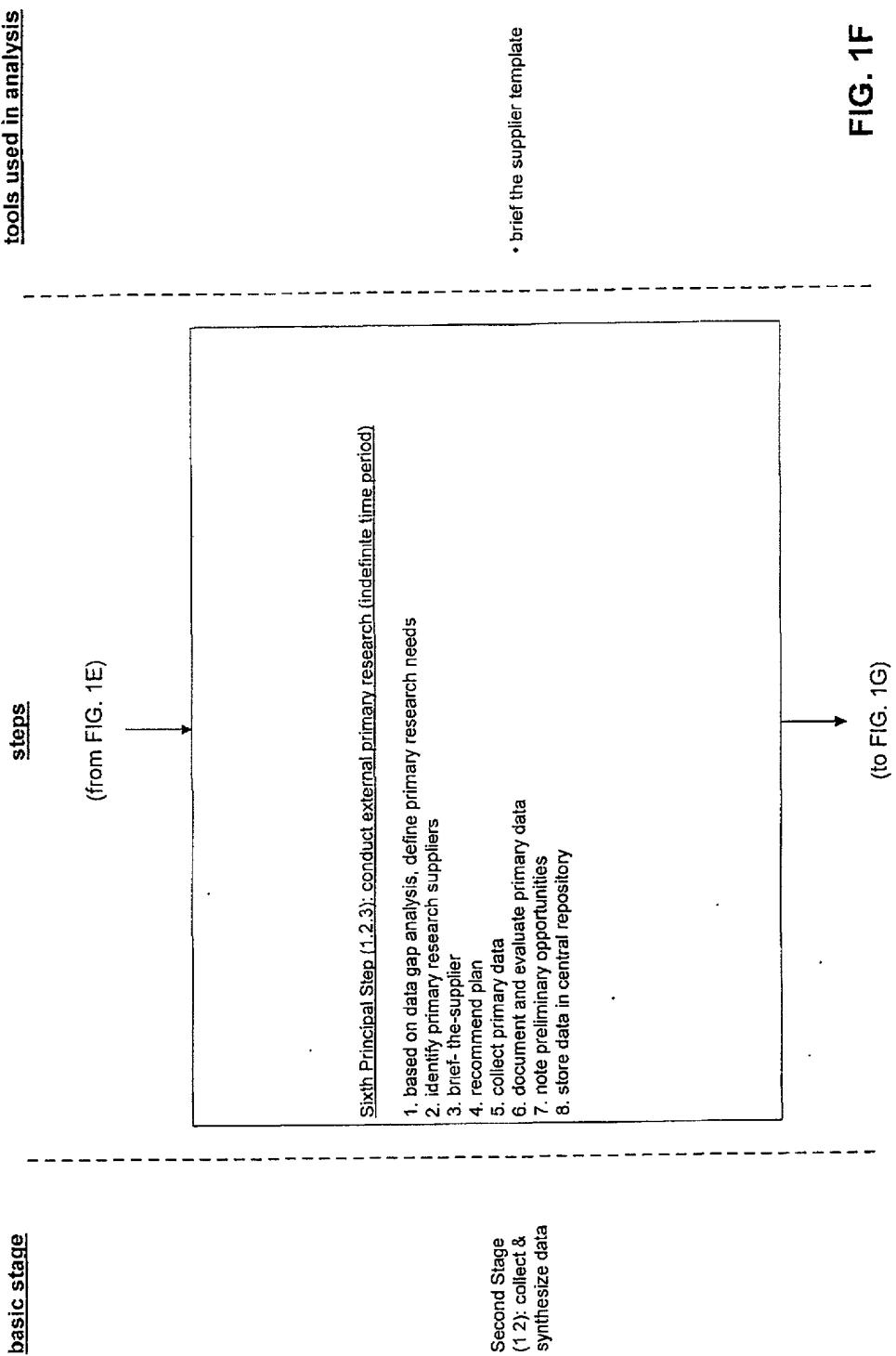
- data collection plan
- opportunity collection template
- collection rules

**Second Stage
(1.2): collect &
synthesize data**

FIG. 1D

(to FIG. 1E)





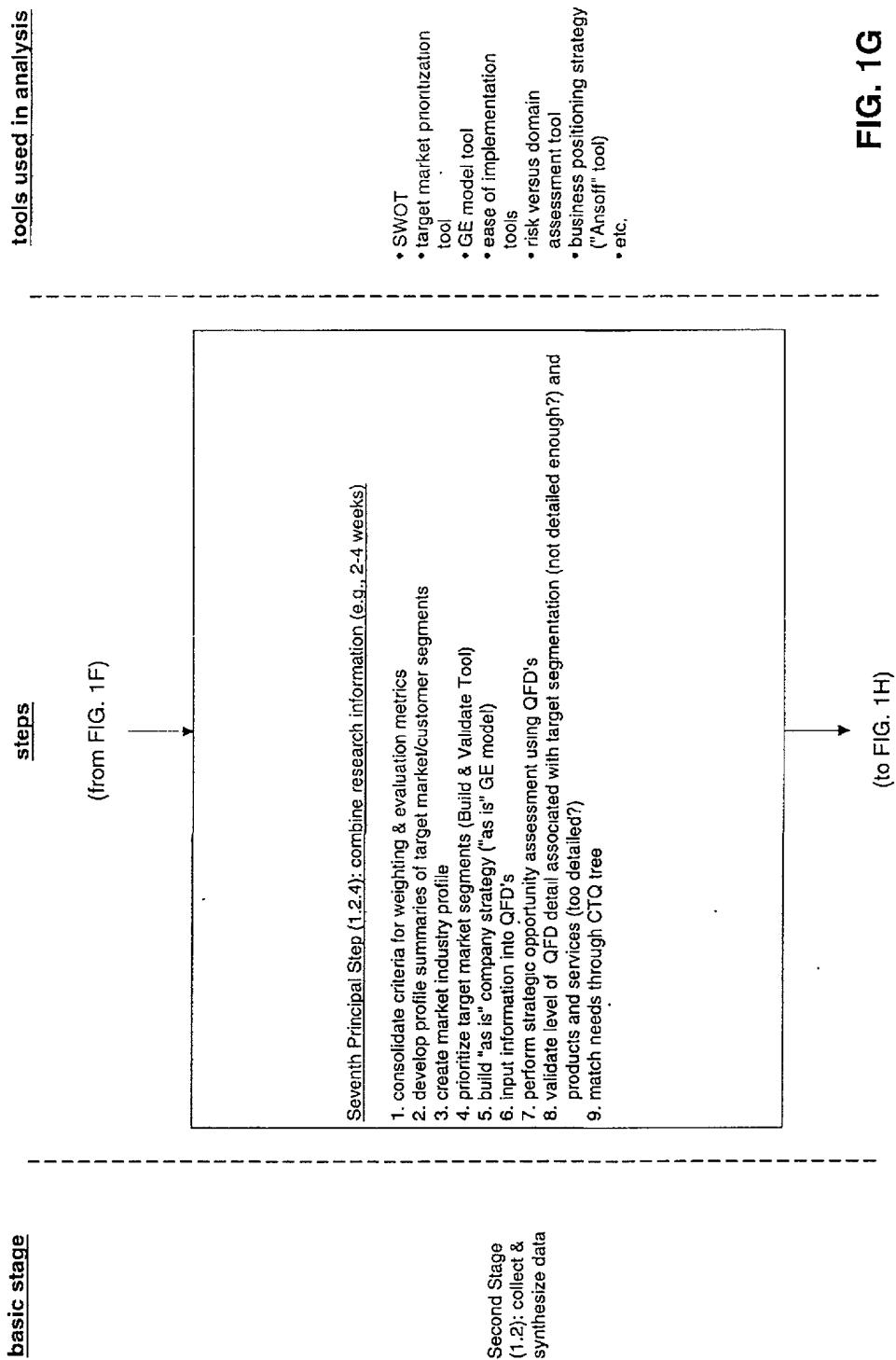


FIG. 1G

basic stage

steps (from FIG. 1G)

Eighth Principal Step (1.2.5): identify and assess opportunities (e.g., 2-3 weeks)

1. brainstorm potential opportunities
 - aggregate opportunities
 - competitive position in the market versus customer needs
 - validate with individual business SME's
2. build strategy for every product ("what if" GE model)
3. build strategy for service and distribution ("what if" service and distribution assessment tool)
4. build ease of implementation/risk versus newness/ economic profile tools
5. build "strawman" prioritized list from criteria
6. present strategy ("what if" business positioning strategy tool)
7. refine strategic opportunity assessment using QFD and/or collect more data
8. build radar positional chart
9. finish building story boards for work-out
10. store data in central repository

Second Stage
(1.2): collect &
synthesize data

Output

- structured data package
 - general market data
 - segmented Data
 - company vs market data baseline
 - industry data and trends
 - competitive data and trends
 - VOC
 - VOI
 - environmental trends

preliminary list of solutions: exit & entry suggestions:

- SWOT output
- definitional radar chart output
- strawman strategic & opportunity proposals
- etc.

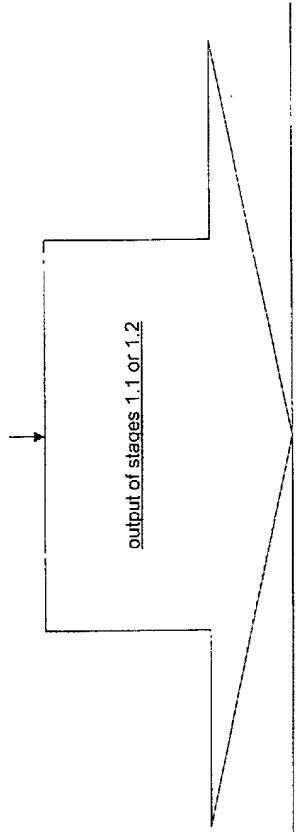
(to FIG. 1I)

FIG. 1H

- economic profile assessment tools
- product & service prioritization tool
- positional radar chart
- SWOT
- GE model tool
- business positioning strategy (Ansoff model)

basic stage

steps
(from FIG. 1H)



Third Stage (1.3):
develop business
strategy (strategic
work-out)

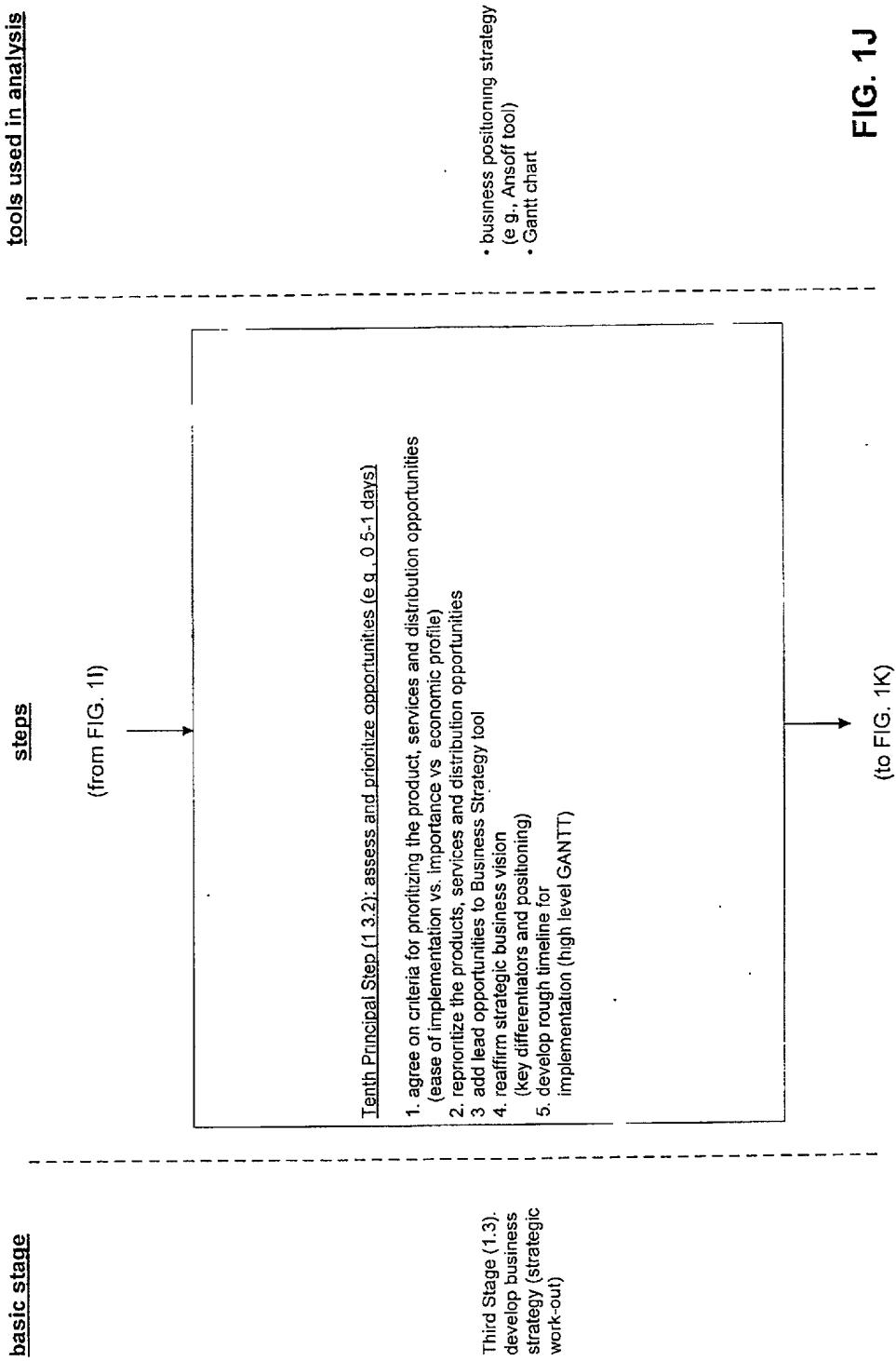
Ninth Principal Step (1.3.1): review and generate opportunities (e.g., 0.5-1 days)

1. review market/industry profile
 - basic story board presentation
 - 2. agree on target segments
 - 3. review "as is" strategy for each product & service ("as is" GE model)
 - 4. review radar positional chart ("as is" versus "should be")
 - 5. review "should be" strategy for each product, service, & solutions ("should be" GE model)
 - 6. generate additional opportunities
 - 7. add opportunities to "should be" strategy ("should be" GE model)
 - 8. agree on final GE model

- strategic work-out
- GE model
- radar chart

FIG. 1I

(to FIG. 1J)



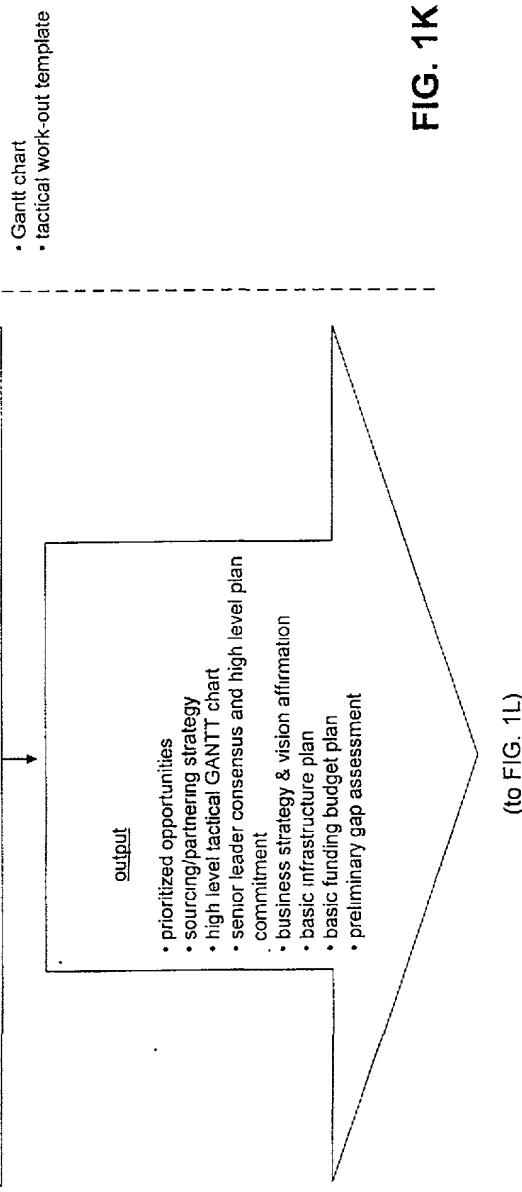
basic stage

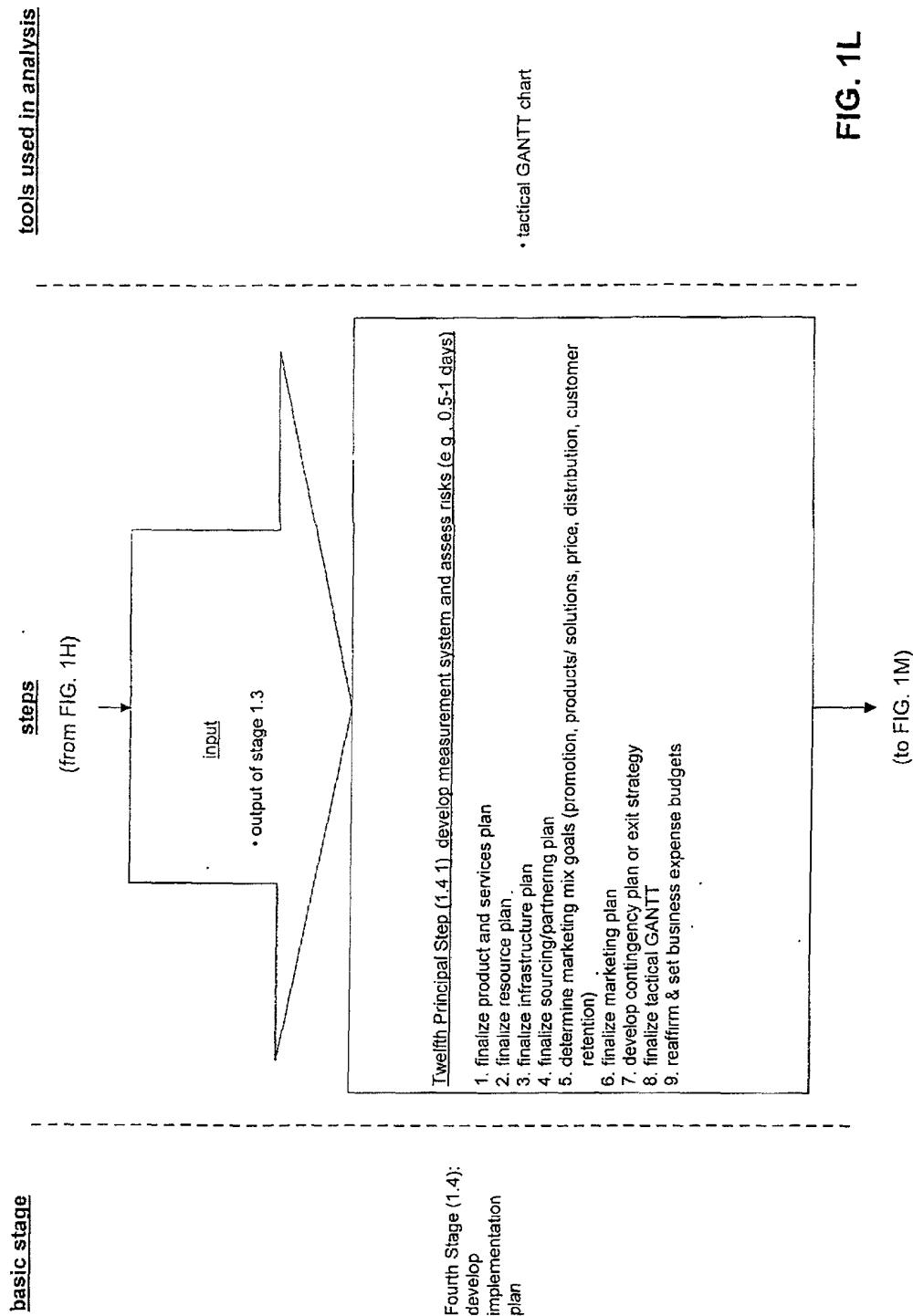
steps
(from FIG. 1J)

Eleventh Principal Step (1.3.4): develop high level plan (team- post work-out) (e.g. 2-6 weeks)

1. affirm vision, mission and alignments
2. revisit timeline add/change/delete
3. determine the resources necessary to implement
4. confirm infrastructure growth plans
5. match current infrastructure capability
6. confirm organizational structure
7. confirm financial budgeting
 - * are we funding our growth strategy?
8. tie plans to business 3-5 year financial evolution
9. perform gap assessment for implementation
10. develop buy/ build/ invest/ exit/ sourcing strategy
11. develop high level tactical GANTT Chart(s)
12. revisit and confirm strategic vision
(key differentiators and positioning)

Third Stage (1.3):
develop business
strategy (strategic
work-out)

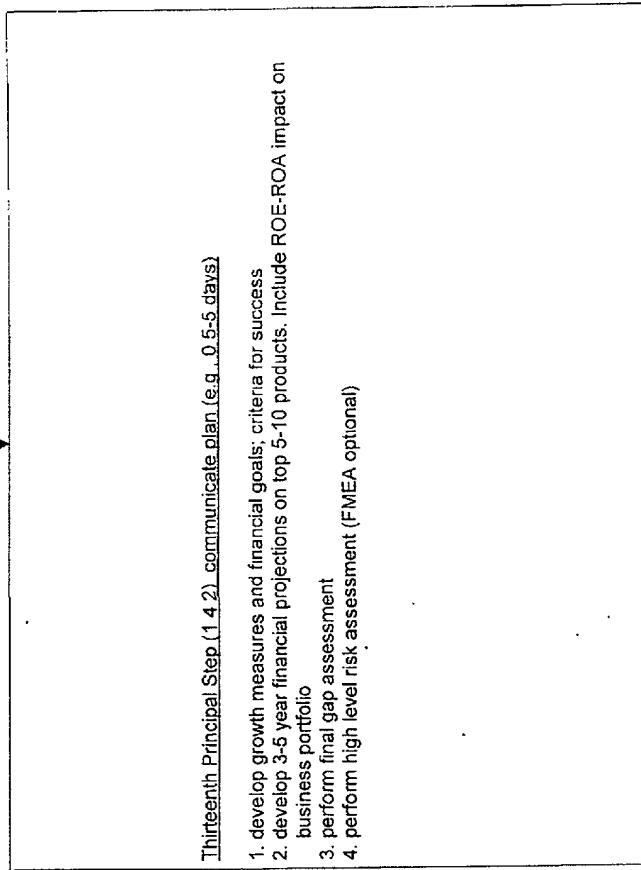




basic stage

steps

(from FIG. 1L)



Fourth Stage (1.4):
develop
implementation
plan

- tactical GANTT chart

→
(to FIG. 1N)

FIG. 1M

tools used in analysis

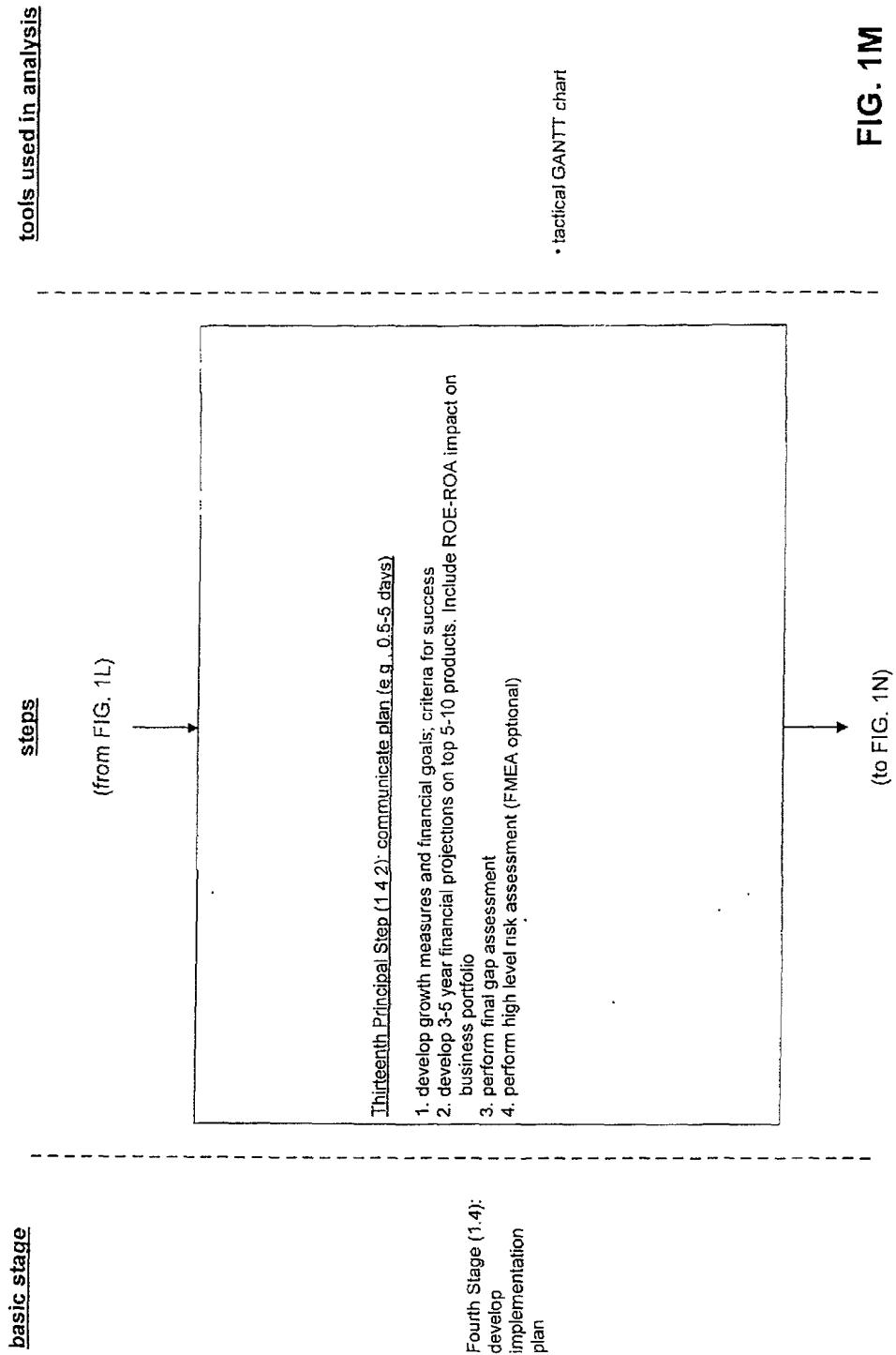


FIG. 1M

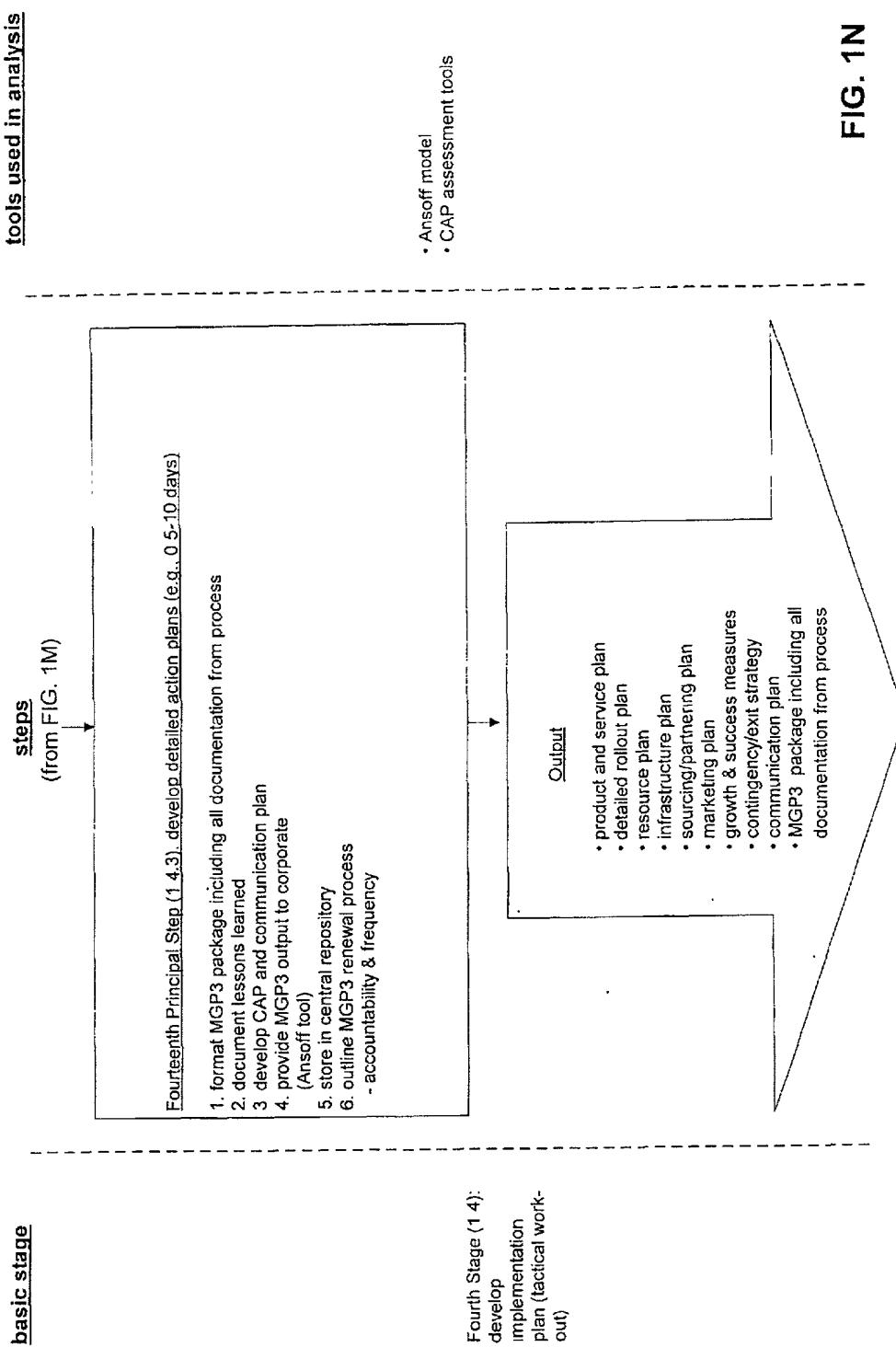


FIG. 1N

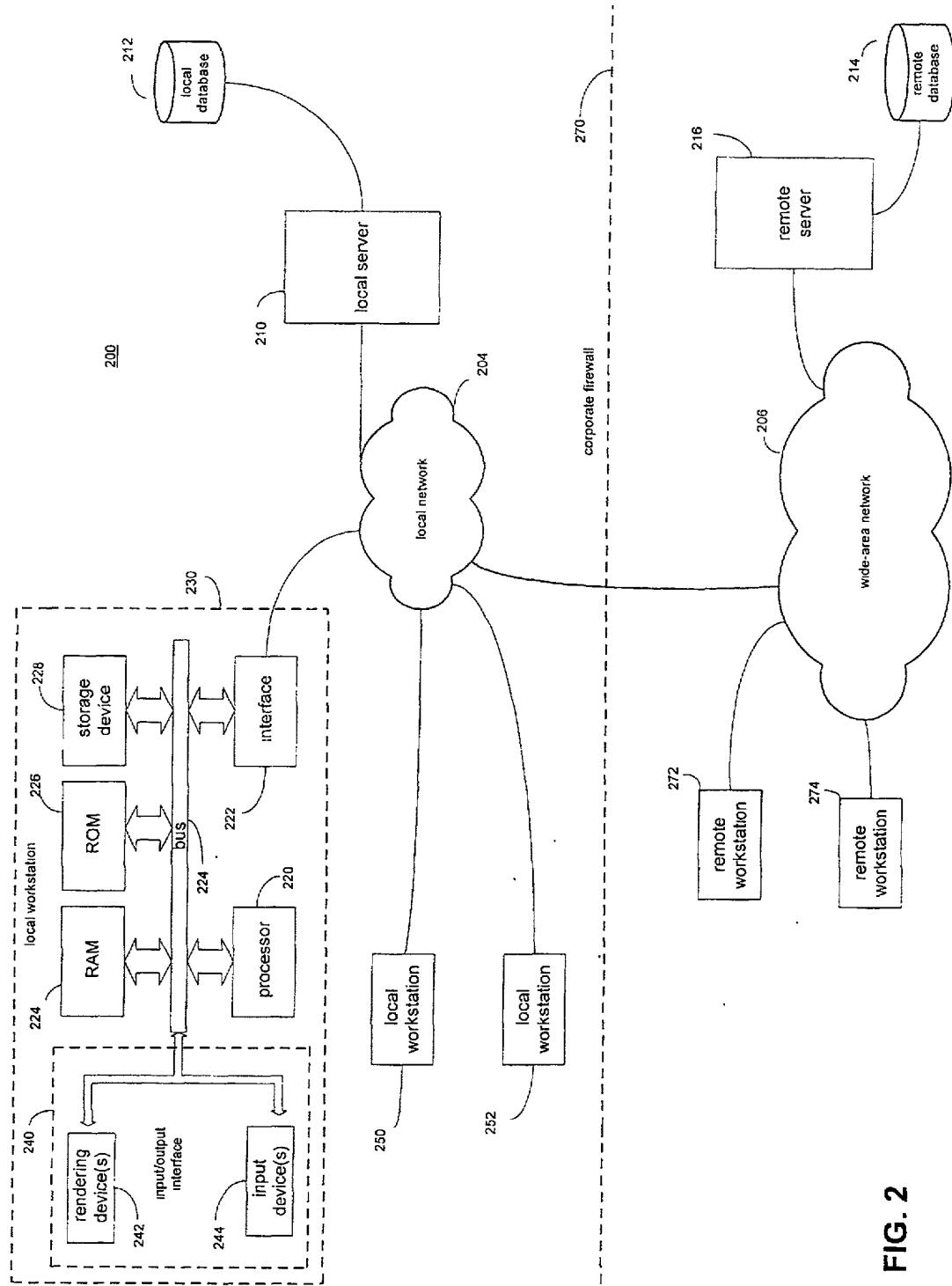


FIG. 2

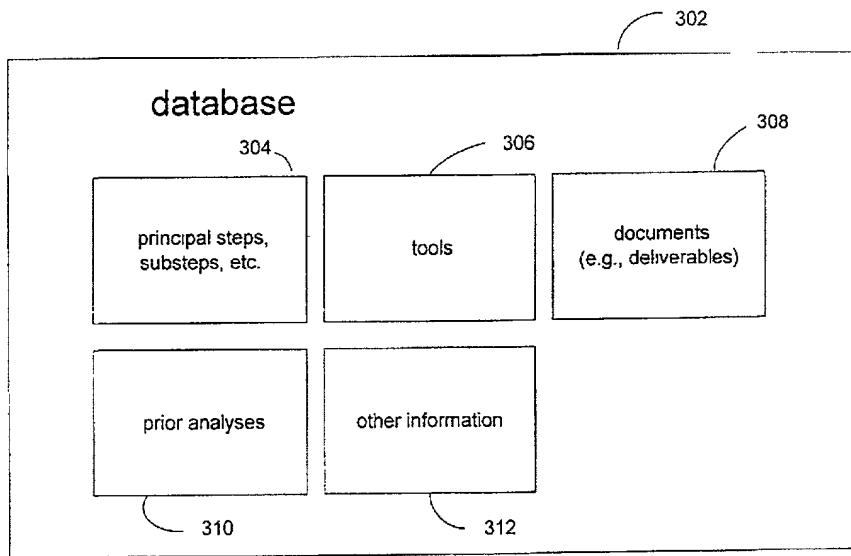


FIG. 3

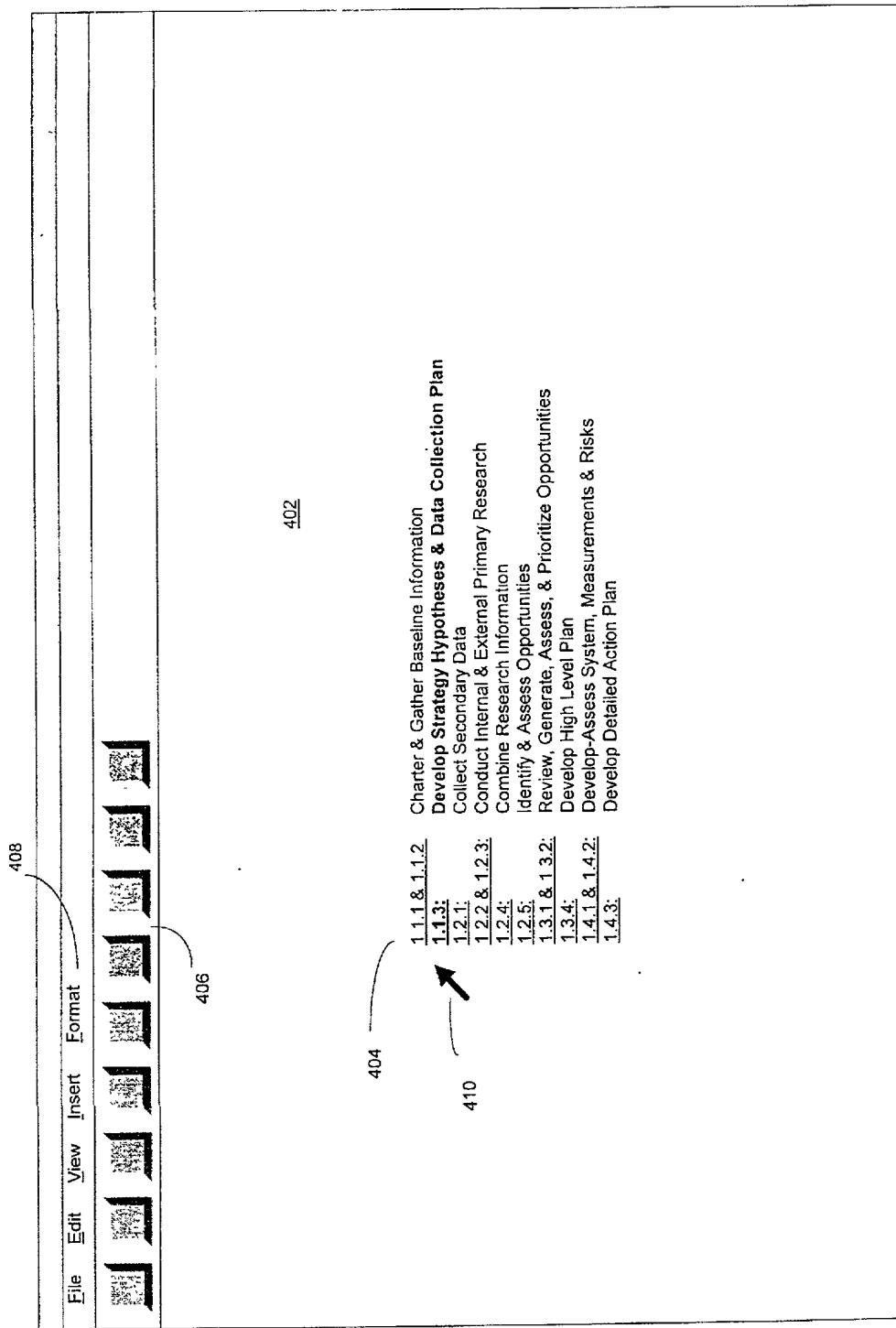


FIG. 4

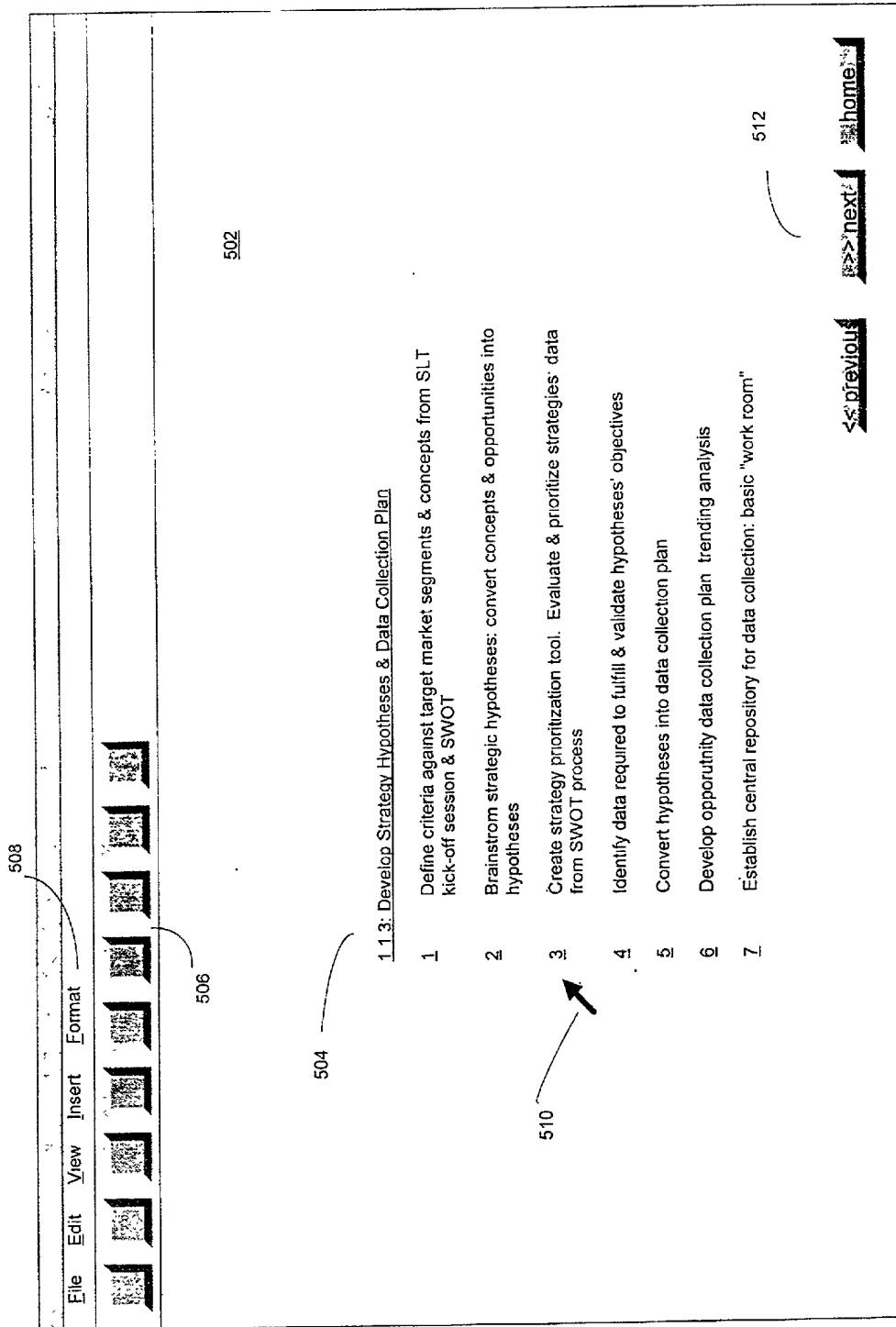


FIG. 5

FIG. 6

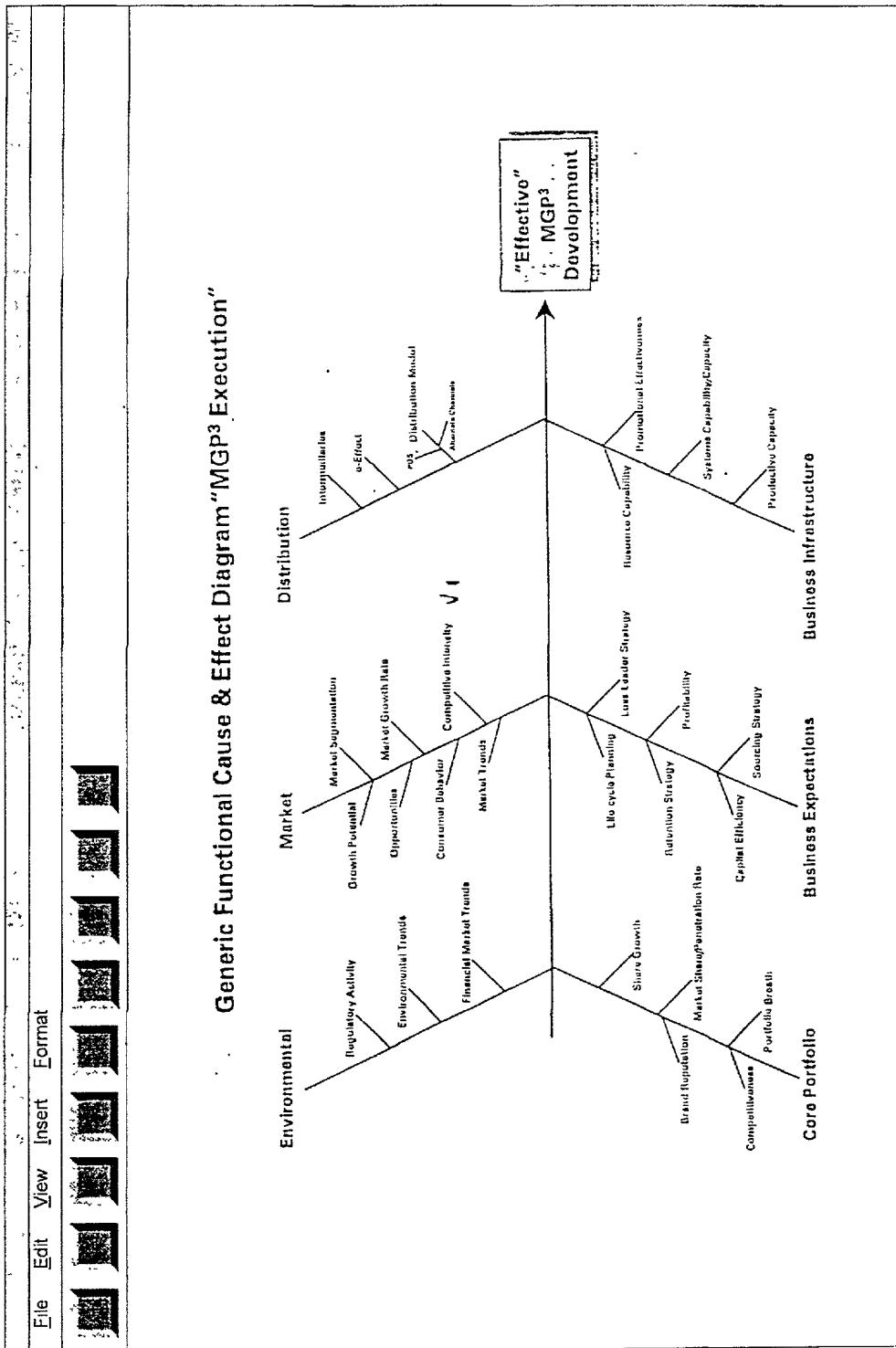
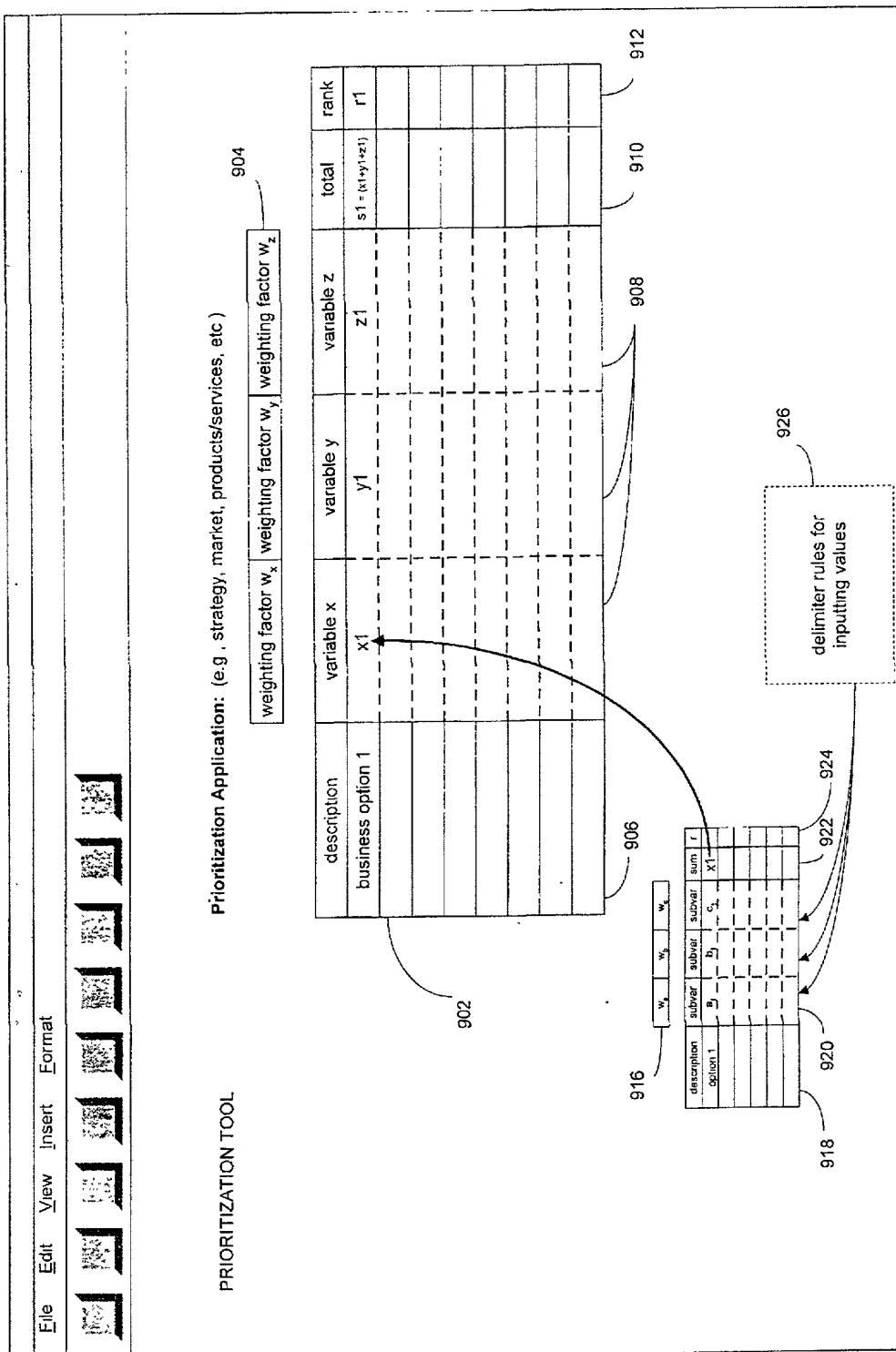


FIG. 7

File		Edit	View	Insert	Format	SWOT		SWOT Analysis					
External Factors													
<p>Opportunities (O)</p> <ol style="list-style-type: none"> 1. 75% of all insurance products 2. Fewer agents selling into middle-class Worksite agents target 3. Increase scale soon, 5X 4. Lot's of third party providers for ops. <p>Strengths (S)</p> <ol style="list-style-type: none"> 1. GE parent (lots of resources) 2. WSG excels in baby group: 2+9 employees 3. GEFA is flexible, not just an insurance company 4. Cross-Sell potential 5. "Work-Out" and management expertise at GE 6. "GE" Strong Name Brand <p>Internal Factors</p> <p>Weaknesses (W)</p> <ol style="list-style-type: none"> 1. Cost structure too high 2. No target market identified & defined 3. Agent sales force not committed 4. Weak salaried liaison force 5. Growing conservatism tactics 6. Products static, no differentiation, low servicing, no unique features 7. Weak operations/systems 8. No control over agencies and enrollment 													
<p>Threats (T)</p> <ol style="list-style-type: none"> 1. Banks have "green light" to enter insurance 2. More competition because of reduced requirements to provide medical products 3. Big competitors have scale 4. Non-traditional competitors are picking niches <p>Strategies</p> <p>S1 O3 Acquire distribution through acquisition of Worksite business</p> <p>S1.4 O1.3 Bundling Opportunities for Portfolio Breadth And Expenses Control</p> <p>O4 W1.7 Outsource operations</p> <p>O4 W5 Develop and roll-out in conservation unit</p> <p>O1.2 W6.7 Develop Alternative Health Care Offerings for baby group growth & share protection</p> <p>O1.2 W6.7 OSHA Ergonomic Supplemental Coverage</p> <p>S1 O3 Exit the niche</p> <p>W1 T3 Outsource operation to third party</p> <p>T1.2,3,4 W8 Buy agencies</p> <p>Strategy</p> <p>Time to Complete (t)</p> <p>Expected \$ Value</p> <p>Need to Evaluate Each Strategy</p>													

FIG. 8



6
FIG.

Target or Served Market Prioritization Matrix for MGP³

Market Description	Relative Rating Factor Weightings*			TOTAL	Relative Rank		
	Key Variables**						
	Market Potential (Growth Rate, Size...)	Expansion Potential (Expanded Platform, Portfolio Fit...)	Business Risk				
Super Affluent	3.1	3.3	3.1	2.8	69		
Affluent	3.4	4.3	3.6	3.4	81		
Emerging Affluent	3.5	5.0	3.2	3.6	85		
Secure Mature	3.4	4.3	3.7	3.8	86		
Middle Market	3.5	3.3	3.3	3.0	74		
Low-Middle Market	2.9	2.7	3.0	2.8	65		
Low Net Worth	2.3	1.0	2.8	1.8	45		
Accumulators	3.5	2.3	2.7	2.6	65		
Pre-retired	4.3	4.0	3.5	3.8	91		
Younger Retired	4.3	4.3	3.7	3.8	92		
Older Retired	3.3	3.3	3.3	3.0	73		
Widowed	3.2	3.3	2.8	3.0	71		
African Americans	2.1	1.3	3.0	2.6	53		
Asian American	3.2	2.6	2.8	3.4	73		
Hispanic	2.5	2.0	2.3	2.6	56		
Female	4.7	4.0	3.2	3.2	86		
	0.0	0.0	0.0	0.0	0		
TOTAL SUM	53.2	51	49.55	49.2			

Theoretical Maximum = 115

Theoretical Minimum = 23

* Rating Factors Are rated on a scale of 1-10: 1 = Least Important; 10 = Most Important Criteria

** Variable values are rated on a scale of 1 to 5. 1 = Least Favorite, 5 = Optimal

FIG. 10

Target Market Prioritization Matrix - Market Potential

Market Description	Market Size	Growth Rate or Growth Potential	Opportunity Potential (Penetration Rate Disposition Income, Maturity, ...)	Relative Rating Factor Weightings*		TOTAL	Rank
				0.3	0.1	0.6	4
- Key Variables** -							
Super Affluent	1	4	4			3.1	
Affluent	2	4	4			3.4	
Emerging Affluent	2	5	4			3.5	
Secure, Mature	2	4	4			3.4	
Middle Market	5	2	3			3.5	
Low-Middle Market	5	2	2			2.9	
Low Net Worth	5	2	1			2.3	
Accumulators	5	2	3			3.5	
Pre-retired	5	4	4			4.3	
Younger Retired	3	4	5			4.3	
Older Retired	4	3	3			3.3	
Widowed	4	2	3			3.2	
African Americans	4	3	1			2.1	
Asian American	2	2	4			3.2	
Hispanic	3	4	2			2.5	
Females	5	2	5			4.7	
TOTAL	57	49	52				

* Rating Factors Are rated on a scale of 0-1 with the sum adding to one: lower decimal = Less Important, higher decimal = More Important Criteria

** Variable Values are rated on a scale of 1 to 5. 1 = Least Favorite, 5 = Optimal

Criteria:

Market Size (Known or Anticipated)

1 = < 1% of population (small), < 1MM Households

2 = 1% to 5% of population (medium), 5-5MM Households

3 = > 10% of population (large), > 11MM Households

Growth (3-Year Projection)

1 = < 5% (small), Declining, flat or stagnant

3 = 10-15% (medium)

5 = > 25% (large), excellent to explosive

Opportunity

1 = Under penetrated by GEFA vs. total US market by >25% low disposable income, low market need

3 = Moderate to average penetration relative to competition, disposable income, market need ..

5 = Over penetrated by GEFA vs. total US market by >25%, high disposable income, high market need, or no penetrated by any competitor - new or untargeted market

FIG. 11

Target Market Prioritization Matrix - Expansion Potential

Relative Rating Factor Weightings*	
0.7	0.3

Market Description	Expands Platform or Complements Customer Base	Brand/Image/Strategic Fit	TOTAL	Rank
Super Affluent	3	4	3	3
Affluent	4	5	4	3
Emerging Affluent	5	5	5	5
Secure Mature	4	5	4	3
Middle Market	3	4	3	3
Low-Middle Market	3	2	2	7
Low Net Worth	1	1	1	1
Accumulators	2	3	2	3
Pre-retired	4	4	4	4
Younger Retired	4	5	4	3
Older Retired	3	4	3	3
Widowed	3	4	3	3
African Americans	1	2	1	3
Asian American	2	4	2	6
Hispanic	2	2	2	2
Female	4	4	4	4
TOTAL	48		58	

- * Rating Factors Are rated on a scale of 0-1 with the sum adding to one: lower decimal = Less Important, higher decimal = More Important Criteria
- ** Variable values are rated on a scale of 1 to 5: 1 = Lowest, 5 = Optimal

Criteria:

Expands Platform

- 1 = Low potential or fit with current & planned portfolio. Non-Complementary; little awareness/weak image (15% lower than average). Will have marginal to no impact on the brand/image.

- 3 = Moderate potential. Moderately complementary; will expand product/service production 10-15%.
- 5 = High potential for expanding market breadth; full sales expansion >20%. Highly complementary to existing customer base or average fit. Will have positive impact on brand/image

Brand/Image/Strategic Fit

- 1 = Weak strategic fit. Low brand awareness/weak image (15% lower than average). Will have marginal to no impact on the brand/image.
- 3 = Moderate strategic fit. Moderate brand awareness/image (+/-5% average). Will have moderate impact on the brand/image
- 5 = Strong Strategic fit. High brand

FIG. 12

Target Market Prioritization Matrix - Business Risk

Market Description	Relative Rating Factor Weightings*			TOTAL	Rank
	Competitive Environment†	Barriers (Issue of Entry, Customer Acceptance, Cap. Commit.)	Market Knowledge (Reg. Accounting, Regulatory Compliance, etc.)		
Super Affluent	1	3	3	4	4
Affluent	1	4	4	4	4
Emerging Affluent	1	4	3	4	3
Stable Maturity	3	5	4	3	3
Middle Market	4	4	3	3	3
Low Net Worth	5	4	2	3	2
Accumulators	3	3	2	2	2
Retired	2	5	3	3	2
Younger Retired	1	5	4	4	3
Older Retired	3	5	4	2	3
Widowed	5	4	2	2	2
African Americans	4	4	3	3	2
Asian American	5	2	2	2	3
Hispanic	4	2	2	2	2
Female	3	3	3	3	3
				0	48
TOTAL	49	62	46		

- Rating Factors Are rated on a scale of 0-1 with the sum adding to one: lower decimal = less important, higher decimal = more important Cillora
- Variable resistors are rated on a scale of 1 to 5, 1, 5 and Farnell 5 = Ohm

Guidelines for the protection of the environment in the construction of buildings and structures

3 = 5 top-tier competitors targeting the market	
1 = Many strong competitors	1 = Many strong competitors
2 = Moderate competition	2 = Moderate competition
3 = 5 top-tier competitors targeting the market	3 = 5 top-tier competitors targeting the market
4 = Moderate competition	4 = Moderate competition
5 = Few strong competitors	5 = Few strong competitors
6 = Very few competitors	6 = Very few competitors
7 = No competitors	7 = No competitors

6 • Few or no strong competitors Based on the market (3-5), GEPA's position is strong (A strong)	6 • Easy entry. Little capital investment required (\$300K) Easy to market	5 • Significant market experience or market is well understood	5 • Extremely low potential for any litigious activity or Tax complications. Focus of activity would enhance image of the WSJ
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- *Arthur D. Little • R.V.L. Wright, *'A system for Managing Diversity'* December 1974
- **Philip Kotler, *Marketing Management*, Prentice-Hall, Inc New Jersey, 2000 p 218

FIG. 13

Target or Served Market Prioritization Matrix - Profit Potential

Market Description	ROA Impact Improves, -Stays, or Worse Existing	ROE Impact Improves, -Stays, or Worse Existing	Ramp Rate (Produced in 1, 2, and 3 years)	Relative Rating Factor Weightings ¹		Time-to-Profit (1, 3, or 5 years)	TOTAL	Rank
				0.6	0.2			
- Key Variables ² -								
Super Affluent	3	2	3	3	3	3	2.0	
Affluent	3	5	3	3	3	3	3.4	
Emerging Affluent	4	3	3	3	3	3	3.6	
Secure Mature	4	4	3	3	3	3	3.8	
Middle Market	3	3	3	3	3	3	3	
Low-Middle Market	3	2	2	3	3	3	2.0	
Low Net Worth	2	1	2	2	2	2	1.0	
Accumulators	3	2	2	2	2	2	2.0	
Perpetuated	4	4	4	3	3	3	3.0	
Younger Retired	4	4	4	3	3	3	3.0	
Older Retired	3	3	3	3	3	3	3	
Widowed	3	3	3	3	3	3	3	
African Americans	3	2	2	2	2	2	2.0	
Asian American	4	2	2	3	3	3	3.4	
Hispanic	3	2	2	2	2	2	2.0	
Female	3	4	3	3	3	3	3.2	
TOTAL	0	52	46	44				

1 Rating Factors Are rated on a scale of 0-1 with the sum adding to one.

2 Variable values are rated on a scale of 1 to 5. 1 = Least Favorite, 5 = Optimal

Time-to-Profit, Standard Normal Mix of Assets³:

1 = 7 years

3 = 3 - 5 years

5 = < 1 - 1.5 years

* Assume a standard portfolio mix is taken to this market

Rating Rule

Life: 1 = < \$10 million production or < 500 sales in 3 years

3 = \$25 million production or 1,250 sales the first year, >50 sales in 3 years

5 = >250 million production or >2,500 sales in 3 years

Annulities: 1 = < \$10 million production or < 500 sales the first year, >25 million production or < 1,250 sales in 3 years

3 = \$100 million production or 1,000 sales the first year, >250 million production or 2,500 sales in 3 years

5 = >200 million production or 5,000 sales in 3 years, >500 million production or >10,000 sales in 3 years

or

ROA Impact of (1, Year Average, b03))***

1 = -25 bps or diminishes * b03 is current portfolio

3 = +50 -75 bps or maintain current portfolio average

5 = > 125 bps or increases current portfolio average

*** Assume a annualized pre-tax ROA attained while ROA = (Pre tax operating margin) / One year average invested Assets), no P-gp assumptions or cost of funds included

Rating Rule

1 = < \$50million assets under management or production the first year, < \$250million AUM or production in 3 years

3 = \$200million AUM or production the first year, > \$750million AUM or production in 3 years

5 = > \$1billion AUM or production in first year, > \$4.5 billion AUM or production in 3 years

FIG. 14

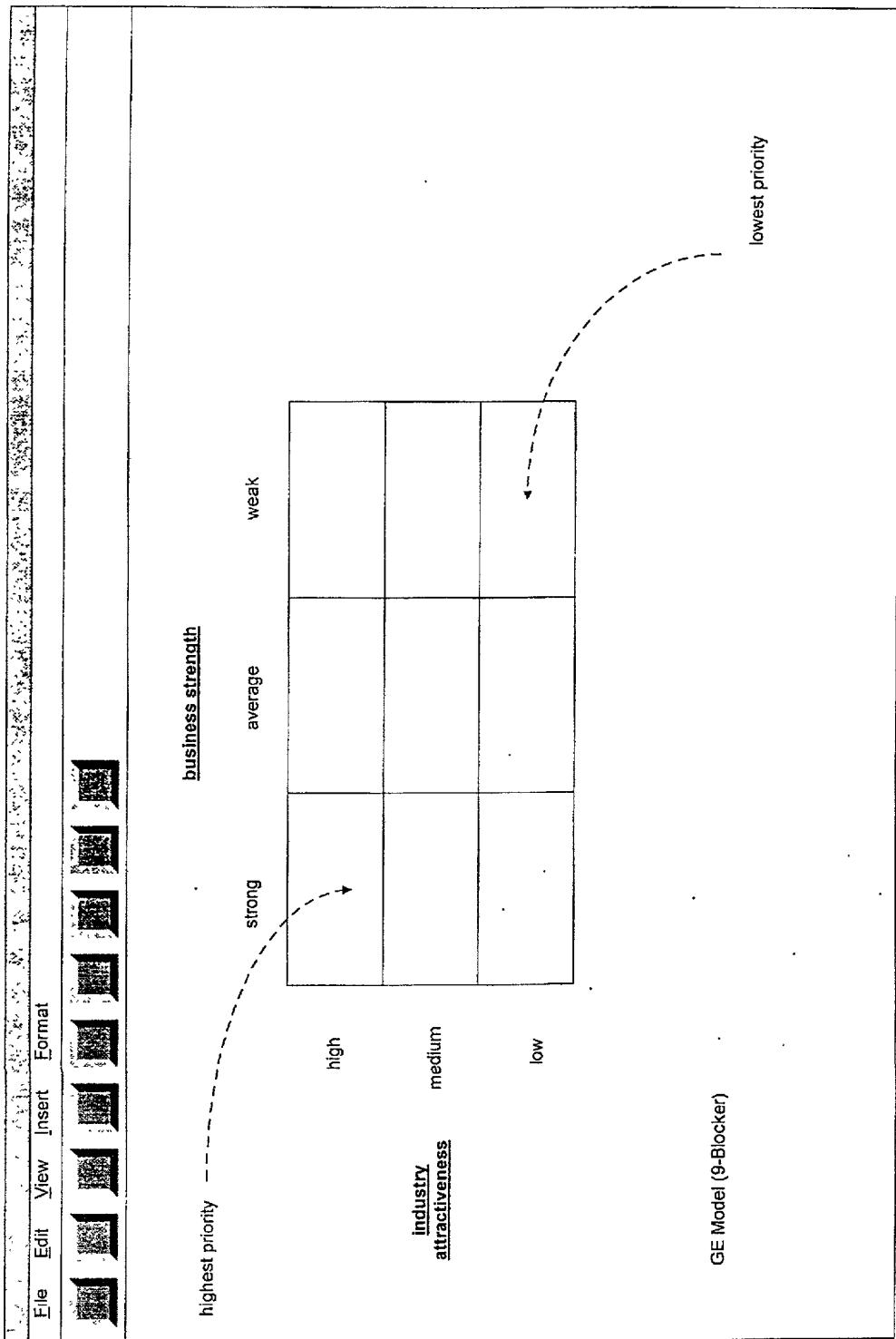


FIG. 15

Ease of Implementation Calculator					
Count	Item	Product/Service #1: Sending Services		Product/Service #2: o-Enabling	
		Relative Weighting	Level*	Relative Weighting	Level*
1	Resource/Staffing/Training	0.15	3.00	0.15	4.00
2	Functional Groups/Multisite Involvement	0.15	2.00	0.30	0.15
3	Operations/Servicing/Administrative/Systems	0.20	2.00	0.40	5.00
4	Business Development/Cut-sourcing/Partnership	0.15	1.00	0.15	0.20
5	Distribution/Channels/Sales/o-Commerce/Website	0.15	1.00	0.15	5.00
6	Organizational Design/Jobs Restructuring	0.20	5.00	1.00	0.15
	Summation =	1.00	Total Score =	2.45	Summation = 1.00
					Total Score = 4.65

*Involvement level: high = 5, medium = 3, & low = 1

FIG. 16

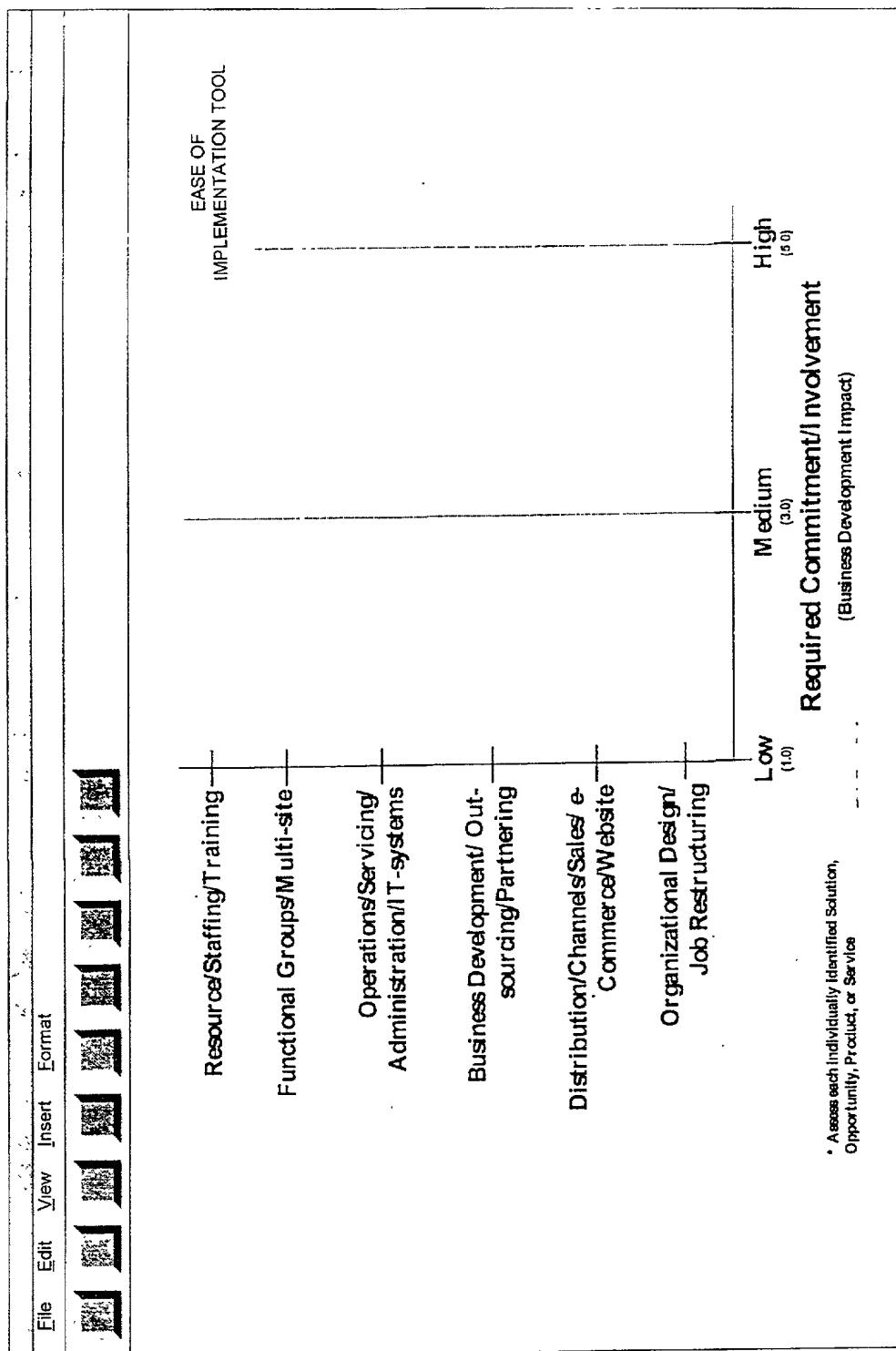


FIG. 17

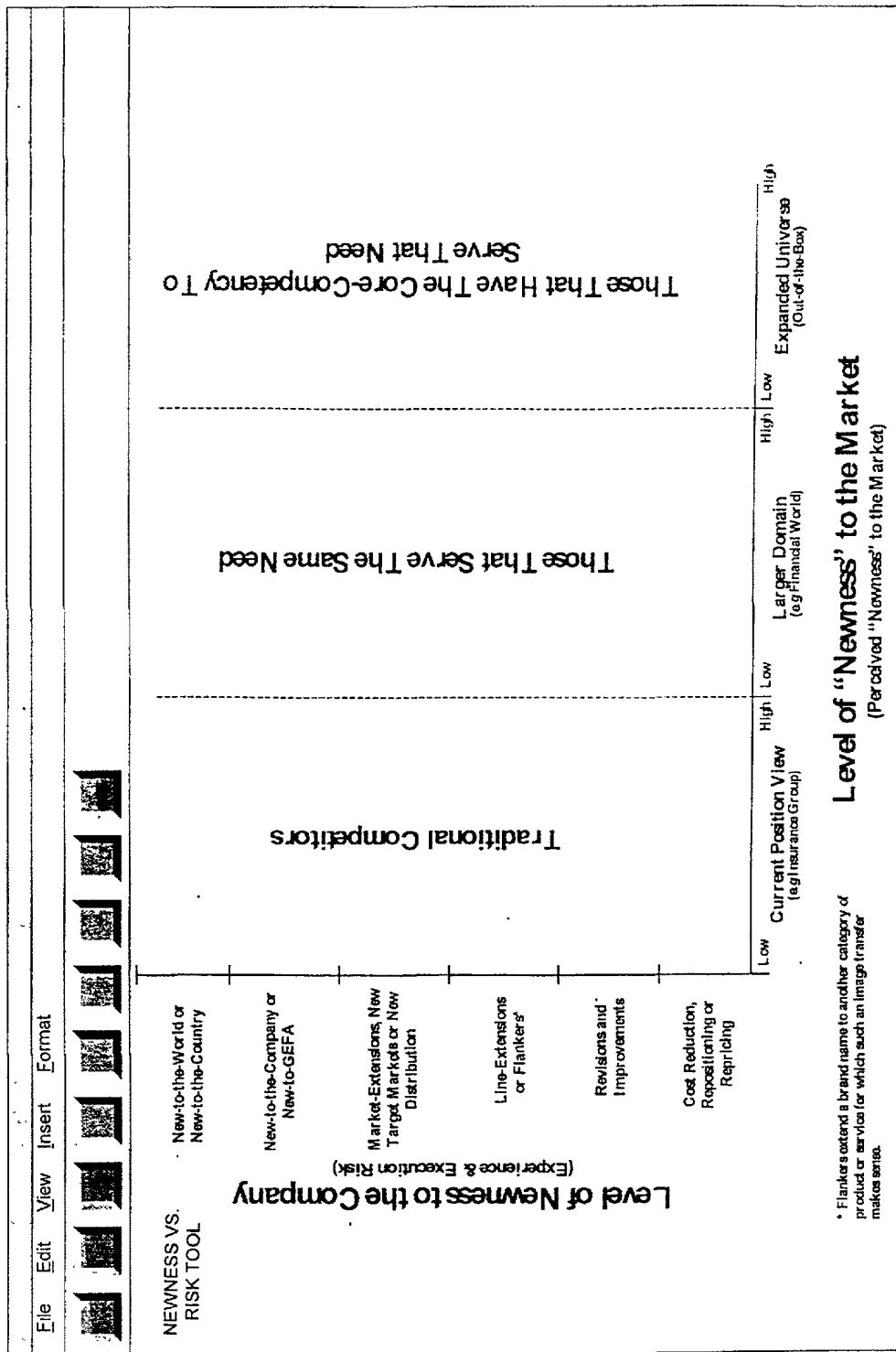


FIG. 18

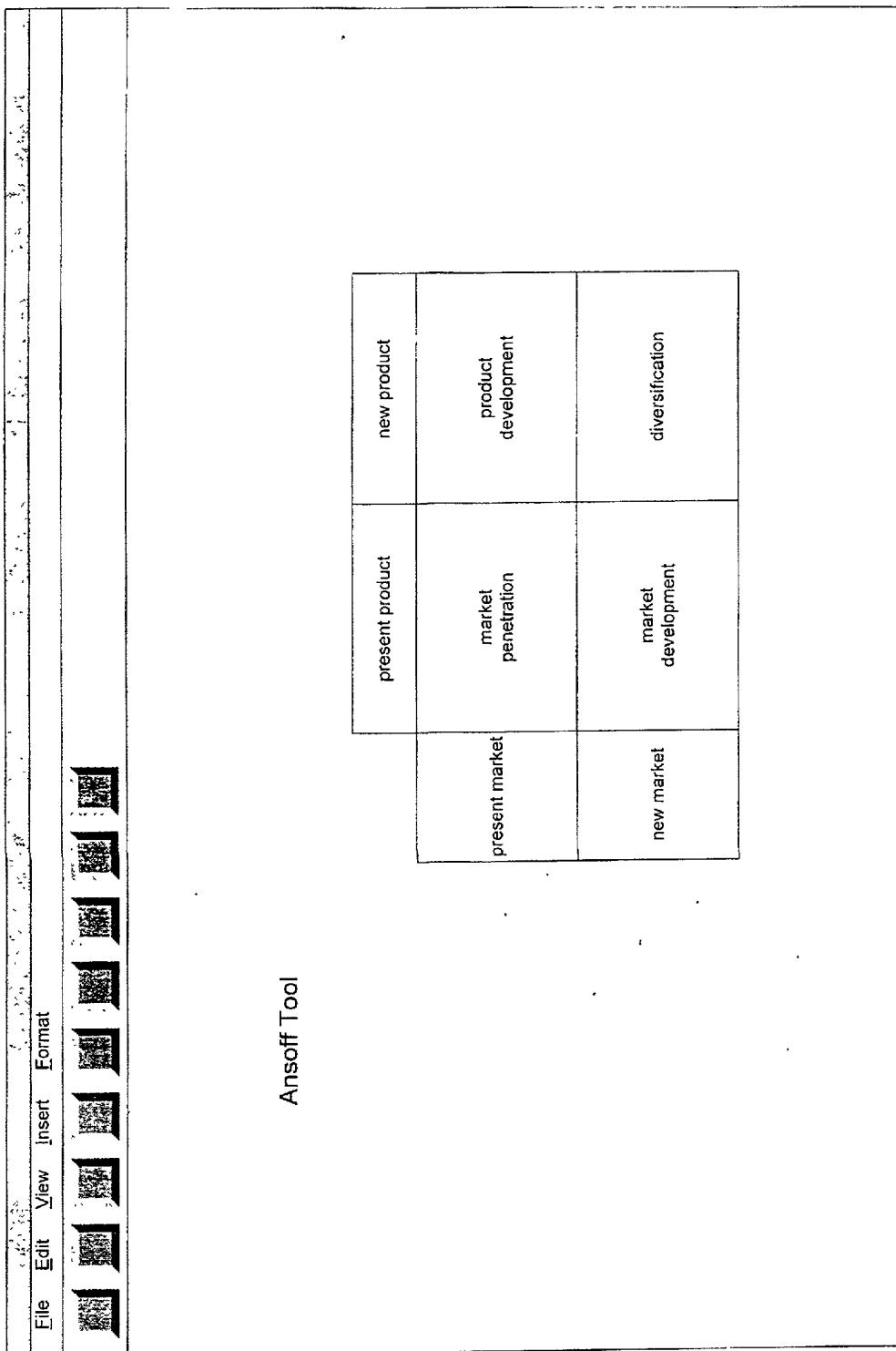


FIG. 19

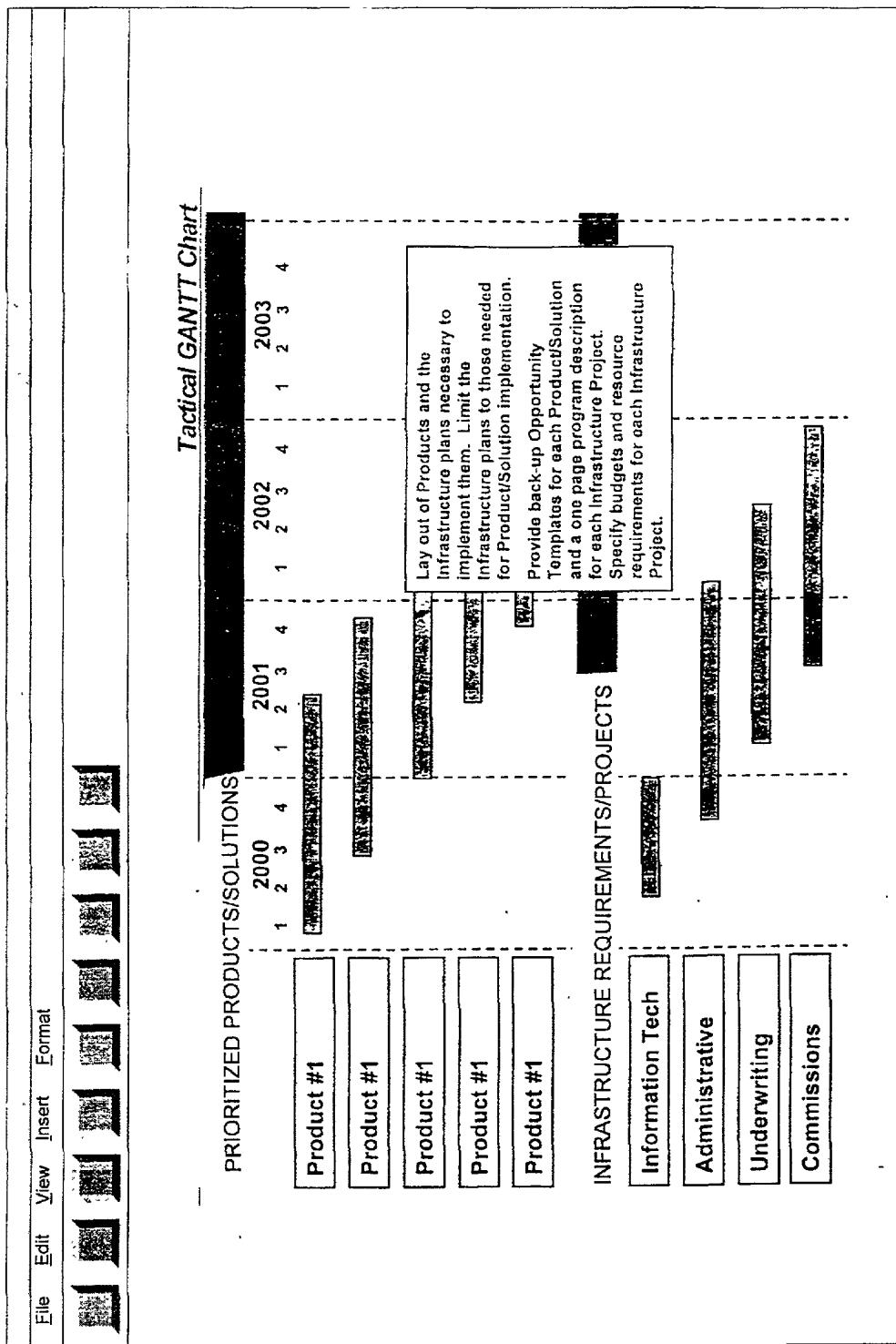


FIG. 20